

**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

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Teal Petals St. Trust,

Case No. 2:22-cv-00395-JAD-DJA

Plaintiff,

V.

Order

NewRez, LLC fka New Pen Financial dba
Shellpoint Mortgage Servicing, et al.

Defendants.

And related counterclaims.

NewRez, LLC fka New Penn Financial dba
Shellpoint Mortgage Servicing,

Plaintiff.

V.

Iyad Haddad aka Eddie Haddad; Resources Group, LLC; Resources Group, LLC as Trustee of Teal Petals St. Trust; 9863 Dublin Valley, LLC; Saticoy Bay LLC dba Saticoy Bay LLC Series 9863 Dublin Valley St.; Saticoy Bay LLC Series 9863 Dublin Valley St.; et al.,

Defendants.

Background¹

This case is a remnant of Nevada’s foreclosure crisis in which real estate investors like Iyad Haddad and his numerous entities snapped up homes for pennies on the dollar after the owners defaulted on their homeowner-association (“HOA”) assessments. At the center of this

¹ These facts are derived from prior orders and the complaints in these consolidated cases and are not intended to be findings of fact.

1 case is the home at 9863 Dublin Valley Street, which Haddad's Dublin Valley Street Trust (Teal
 2 Petals Street Trust's predecessor in interest) bought for just \$7,700 at an HOA foreclosure sale.
 3 The home had been purchased five years earlier with a \$340,000 mortgage secured by a deed of
 4 trust.

5 Years of quiet-title litigation in separate suits ended in the determination that the property
 6 was bought subject to that deed of trust. But when NewRez LLC fka New Penn Financial dba
 7 Shellpoint Mortgage Servicing took steps to foreclose on that long-unpaid mortgage in 2022, two
 8 things happened. First, Teal Petals Street Trust filed a second-generation lawsuit (which
 9 Shellpoint removed to this Court) theorizing that the deed of trust was extinguished in 2020 by
 10 operation of Nevada's ancient-lien statute. *Teal Petals St. Trust v. NewRez, LLC fka New Penn*
 11 *Financial dba Shellpoint Mortgage Servicing*, Case No. 2:22-cv-00395-JAD-DJA (D. Nev.) (the
 12 "Teal Petals Action"). Second, Haddad transferred the property to a new entity—9863 Dublin
 13 LLC—which promptly filed for bankruptcy protection, delaying Shellpoint's foreclosure for more
 14 than a year. When the sale finally went forward, a different Haddad entity—Saticoy Bay LLC
 15 Series 9863 Dublin Valley St.—purchased the property at a steep discount. In response,
 16 Shellpoint filed a federal action alleging various claims, including, amongst others, claims for
 17 quiet title, unjust enrichment, abuse of process, alter ego, and civil aiding and abetting. *NewRez,*
 18 *LLC fka New Penn Financial dba Shellpoint Mortgage Servicing v. Iyad Haddad*, Case No. 2:23-
 19 cv-01839-JAD-DJA (D. Nev.) (the "NewRez Action").

20 The Honorable District Judge Jennifer A. Dorsey granted in part and denied in part
 21 Haddad's (and his entities') motion to dismiss in the *NewRez* action. *See New Rez Action*, at
 22 (ECF No. 45). In doing so, she allowed Shellpoint's claims for quiet title, unjust enrichment, and
 23 abuse of process to go forward and construed Shellpoint's claims for alter ego and civil aiding
 24 and abetting not as stand-alone claims, but as theories of liability. The *NewRez* Action and the
 25 *Teal Petals* Action were consolidated on August 27, 2024 under the *Teal Petals* Action. *See Teal*
 26 *Petals Action*, at (ECF No. 69).

27 Now, allegedly Haddad-controlled entities Resources Group, LLC; Resources Group,
 28 LLC as Trustee of Teal Petals St. Trust; and 9863 Dublin Valley, LLC move for a protective

1 order preventing them from responding to requests for production, interrogatories, and requests
2 for admissions that Shellpoint served on them. (ECF No. 71). These entities also move to stay
3 discovery regarding certain discovery requests and to extend time to respond to others. (ECF
4 Nos. 72, 73). Haddad and other allegedly Haddad-controlled entities Saticoy Bay, LLC; and
5 Saticoy Bay, LLC 9863 Dublin Valley St. have joined these briefings. (ECF Nos. 74, 75, 76,
6 103, 104, 106). For the sake of simplicity and for the purposes of this order only, the Court refers
7 to Resources Group, LLC; Resources Group, LLC as Trustee of Teal Petals St. Trust; 9863
8 Dublin Valley, LLC; Saticoy Bay, LLC; Saticoy Bay, LLC 9863 Dublin Valley St.; and Haddad
9 collectively as the “Haddad Entities.”²

10 Shellpoint countermoves to compel the Haddad Entities to respond to its discovery
11 requests. (ECF No. 90). It also counter-moves for a protective order to govern the parties’
12 exchange of information after it did not get a response from the Haddad Entities regarding a
13 stipulated protective order. (ECF No. 91). Later, however, the parties stipulated to the terms of a
14 protective order, mooting the countermotion for one. (ECF No. 118).

15 Although the Court originally set these motions for a hearing, they have now been fully
16 briefed and the Court finds a written order more appropriate here. The Court will thus decide the
17 motions filed at ECF Nos. 71, 72, 73, 90, and 91 in written orders. The Court leaves the issues of
18 Shellpoint’s countermotion for attorneys’ fees (ECF No. 93), Saticoy Bay, LLC 9863 Dublin
19 Valley St.’s motion for protective order regarding an inspection of the property (ECF No. 108),
20 and Shellpoint’s countermotion to compel that inspection (ECF No. 112) for the hearing
21 scheduled November 25, 2024.

22 Because the Court finds that the Haddad Entities have not carried their burden of showing
23 why Shellpoint’s discovery should not be allowed, it denies their motion for protective order and
24 to stay discovery. (ECF Nos. 71, 72). However, the Court grants the Haddad Entities’ motion to
25 extend time to respond to Shellpoint’s discovery requests. (ECF No. 73). Because the Court
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² The Court derives the associations between the Haddad Entities from Shellpoint’s complaint in
28 the *NewRez* Action. (*NewRez* Action at ECF No. 1).

1 finds that Shellpoint has carried its burden of showing that its requests are relevant, but that the
2 Haddad Entities have not carried their burden of showing why Shellpoint's discovery should not
3 be allowed, the Court grants Shellpoint's countermotion to compel. (ECF No. 90). Because the
4 parties have filed a stipulated protective order, the Court denies Shellpoint's countermotion for a
5 protective order as moot. (ECF No. 91). The Court will address the parties' stipulated protective
6 order in a separate order. (ECF No. 118).

Discussion

8 Through their briefings, the Haddad Entities seek a protective order preventing them from
9 responding to Shellpoint's discovery requests and staying or bifurcating Shellpoint's discovery
10 pending the Haddad Entities' forthcoming motion for summary judgment because they argue that
11 the discovery is irrelevant and disproportional. (ECF Nos. 71, 72, 73, 96, 98, 100, 101).
12 According to the Haddad Entities, Shellpoint's discovery is aimed entirely at supporting its alter
13 ego and aiding and abetting theories of liability. (ECF No. 71 at 9). The Haddad Entities claim
14 that this discovery is irrelevant because Judge Dorsey found alter ego and aiding and abetting to
15 not be stand alone claims but to be theories of liability. (ECF No. 98 at 8). And they claim that
16 Shellpoint's theories will ultimately be unsuccessful. (*Id.* at 11-14). The Haddad Entities assert
17 that the discovery is disproportional because the information it seeks is "voluminous." (ECF No.
18 71 at 11). In lieu of responding to discovery, the Haddad Entities propose posting a bond of
19 \$240,000.00. (ECF No. 71 at 14). They claim that because Shellpoint's discovery really seeks to
20 determine which parties are liable for Shellpoint's alleged damages, discovery is unnecessary if
21 the Haddad Entities "provide a ready source for obtaining any damages without the need for the
22 legal theories which [Shellpoint] currently seems to focus upon." (ECF No. 71 at 14). Shellpoint
23 rejected this proposal.

24 In its briefings, Shellpoint points out that alter ego and aiding and abetting are not theories
25 of *recovery* but are theories of *liability* on which it is entitled to conduct discovery. (ECF Nos.
26 86, 87, 88, 90, 119). Shellpoint seeks to support its claim that the Haddad Entities worked
27 together to manipulate the legal process to delay Shellpoint's foreclosure and so, Shellpoint's
28 discovery regarding the relationships between the parties is relevant. (ECF No. 86 at 10).

1 Shellpoint also argues that Haddad Entities' generic arguments that the discovery is
 2 disproportional are insufficient to support their request for a protective order. (*Id.* at 11-15).
 3 Regarding the Haddad Entities' proposed solution of posting a bond, Shellpoint argues that the
 4 Haddad Entities are trying to buy their way out of discovery and "deprive Shellpoint of needed
 5 discovery in exchange for a bond that it is unlikely that [the Haddad Entities] would ever have to
 6 satisfy because they will have avoided producing the information that Shellpoint needs to prove
 7 its claims at trial." (ECF No. 121 at 4).

8 **I. The Haddad Entities do not support their request for a protective order.**

9 A party seeking to avoid discovery may seek a protective order. Fed. R. Civ. P. 26(c).
 10 The party seeking to avoid discovery bears the burden of showing why that discovery should not
 11 be permitted. *V5 Techs. V. Switch, Ltd.*, 334 F.R.D. 306, 309 (D. Nev. 2019) (citing *Blankenship*
 12 *v. Hearst Corp.*, 519 F.2d 418, 429 (9th Cir. 1975)). The party resisting discovery must
 13 specifically detail the reasons why each request is irrelevant or otherwise objectionable, and may
 14 not rely on boilerplate, generalized, conclusory, or speculative arguments. *F.T.C. v. AMG Servs., Inc.*, 291 F.R.D. 544, 553 (D. Nev. 2013). Arguments against discovery must be supported by
 15 "specific examples" and "articulated reasoning." *E.E.O.C. v. Caesars Ent.*, 237 F.R.D. 428, 432
 16 (D. Nev. 2006). "All motions...for a protective order must set forth in full the text of the
 17 discovery originally sought and any response to it." LR 26-6(b). "Discovery motions will not be
 18 considered unless the movant...includes a declaration setting forth the details and results of the
 19 meet-and-confer conference about each disputed discovery request." LR 26-6(c). "[B]road
 20 discretion is vested in the trial court to permit or deny discovery." *Hallett v. Morgan*, 296 F.3d
 21 732, 751 (9th Cir. 2002).

22 Here, the Haddad Entities have not met their burden of showing why Shellpoint's
 23 discovery should not be permitted. Instead of specifically detailing the reasons why each request
 24 is irrelevant or otherwise objectionable, the Haddad Entities rely entirely on boilerplate,
 25 generalized, conclusory, and speculative arguments. While they provide some examples of the
 26 discovery requests they find objectionable, they do not provide articulated reasoning about why
 27 those specific examples or the discovery of which they are exemplary are objectionable. The

1 Haddad Entities simply argue that Shellpoint's requests for production constitute "a blanket
 2 approach seeking voluminous material, for 12 years, from all of the defendants" without
 3 explaining how the requests are disproportional or why obtaining the responsive information
 4 would be unduly burdensome. (ECF No. 71 at 11). Similarly, while the Haddad Entities explain
 5 why they believe one interrogatory's terms are vague, they do not address the terms of other
 6 interrogatories. (*Id.* at 12). They also argue in conclusory fashion that the interrogatories are
 7 "burdensome and oppressive." (*Id.*). The Haddad Entities do not even provide their objections
 8 and responses to these discovery requests as required by the local rule and do not explain the
 9 results of their meet and confer conference regarding each request.

10 The Haddad Entities' arguments regarding why the Court should not permit Shellpoint's
 11 discovery almost entirely consist of their assertion that the discovery is "irrelevant." They argue
 12 that Shellpoint's discovery requests—directed as they are to alter ego and aiding and abetting—
 13 are irrelevant because Judge Dorsey determined that alter ego and aiding and abetting are theories
 14 of liability rather than stand alone claims. But the Haddad Entities provide no authority for their
 15 argument that a party may not conduct discovery regarding a theory of liability. The Haddad
 16 Entities fail to carry their burden of showing why the Court should not permit Shellpoint's
 17 discovery and the Court denies their motion for protective order.

18 **II. Shellpoint has supported its motion to compel.**

19 When a party fails to provide discovery, the requesting party may move to compel it. Fed.
 20 R. Civ. P. 37(a). The party seeking to compel discovery responses must make a threshold
 21 showing that the discovery sought is relevant. *See Nugget Hydroelectric, L.P. v. Pac. Gas &*
Elec. Co., 981 F.2d 429, 438-39 (9th Cir. 1992); *Tsatas v. Airborne Wireless Network*, No. 2:20-
 22 cv-02045-RFB-BNW, 2022 WL 74003, at *2 (D. Nev. Jan. 7, 2022). This is a relatively low
 23 threshold, and merely requires the possibility of a nexus between the information sought and the
 24 claims or defenses of a party. *Tsatas*, 2022 WL 74003, at *2.

25 Once relevancy has been shown, or if relevancy is plain from the face of the request, the
 26 party who is resisting discovery has the burden to show that discovery should not be allowed.
 27 *Blankenship*, 519 F.2d at 429. The party resisting discovery must specifically detail the reasons
 28

1 why each request is irrelevant or otherwise objectionable, and may not rely on boilerplate,
2 generalized, conclusory, or speculative arguments. *F.T.C.*, 291 F.R.D. at 553. “Boilerplate,
3 generalized objections are inadequate and tantamount to not making any objection at all.” *Tsatas*,
4 2022 WL 74003, at *2 (citing *Walker v. Lakewood Condo. Owners Ass’n*, 186 F.R.D. 584, 587
5 (C.D. Cal. 1999)).

6 Here, Shellpoint has made a threshold showing that the discovery it seeks is relevant.
7 Shellpoint breaks its requests into six categories: (1) the Haddad Entities’ formation, structure,
8 governance, and operations; (2) the Haddad Entities’ relationships with the Haddad family and
9 other Haddad entities; (3) the Haddad Entities’ financial records including financial records
10 related to the property at issue; (4) documents related to the property and the deed of trust;
11 (5) documents related to other legal proceedings; and (6) legal services provided by Roger
12 Croteau. (ECF No. 90 at 17). For each category of requests, Shellpoint provides the specific
13 requests, the Haddad Entities’ responses, and an explanation about why that category of request is
14 relevant to its case. (*Id.* at 17-48). Shellpoint also provided a declaration setting forth the details
15 and results of its counsel’s meet and confer efforts. (ECF No. 92). Shellpoint has met the low
16 threshold of showing a nexus between the information it seeks and its claims.

17 The Haddad Entities, on the other hand, have not met their burden of showing that
18 Shellpoint’s discovery should not be allowed. The Haddad Entities’ arguments are entirely
19 conclusory, claiming that Shellpoint’s discovery—as a whole and without reference to any
20 specific request—is “irrelevant.” (ECF No. 101 at 9, 12-13). They also claim that the
21 discovery—again, as a whole—is disproportional to the case, making broad strokes and
22 conclusory arguments. (*Id.* at 13-17). But these boilerplate, speculative arguments are
23 tantamount to making no objection at all.

24 Additionally, much of the Haddad Entities’ response to Shellpoint’s motion centers on the
25 Haddad Entities’ assertion that Shellpoint’s claims are without merit. They assert that “[t]he most
26 efficient way to move this case forward to final resolution is for the parties to brief, and the Court
27 to decide, the [Haddad Entities’] soon to be filed Motion for Summary Judgment.” (ECF No. 101
28 at 4). They then proceed to describe the arguments in their soon-to-be-filed motion for summary

1 judgment, asserting that Shellpoint should not be allowed to pursue discovery because the motion
2 for summary judgment “will demonstrate that Shellpoint’s remaining claims are without merit.”
3 (*Id.* at 10-12, 13-15). But the Haddad Entities provide no authority that they can resist responding
4 to discovery relevant to Shellpoint’s claims—which have passed a motion to dismiss—on the
5 speculative ground that they will file a motion for summary judgment at some point in the future.
6 Because Shellpoint has met its burden of making a threshold showing that the discovery it seeks
7 is relevant, and because the Haddad Entities have not met their burden of demonstrating why
8 discovery should not be allowed, the Court grants Shellpoint’s motion to compel.

9 **III. The Court denies the Haddad Entities’ motion to stay or bifurcate as moot.**

10 The Haddad Entities move to stay certain discovery “until such time as the Motion for
11 Protective Order is heard and decided.” (ECF No. 72). Because the Court has determined the
12 Haddad Entities’ motion for protective order, it denies their motion to stay or bifurcate as moot.

13 **IV. The Court grants the Haddad Entities’ motion to extend time.**

14 The Haddad Entities move to extend the time for them to respond to Shellpoint’s
15 interrogatories and requests for admission, which responses were originally due September 3,
16 2024, “until such time as the Motion for Protective Order is heard and decided...” (ECF No. 73).
17 Shellpoint opposes the motion, arguing in part that the Haddad Entities have not shown good
18 cause and that the Haddad Entities have not shown why their motion for protective order—which
19 only addresses some discovery requests—warrants an extension for all discovery. (ECF No. 88).
20 The Haddad Entities reply that, despite the fact that their motion for protective order only
21 mentioned certain exemplar discovery requests, they sought a protective order over all discovery,
22 constituting good cause to extend their responses. (ECF No. 100).

23 The Court may, for good cause, extend time. Fed. R. Civ. P. 6(b). Under Federal Rule of
24 Civil Procedure 37(d)(2), a party’s failure to respond to interrogatories is excused if the party
25 failing to act has a pending motion for protective order. Under Federal Rule of Civil Procedure
26 36(a)(3), a matter is admitted if a party fails to respond to a request for admission within thirty
27 days of being served, unless the Court orders a longer time period.

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1 Here, although the Court has denied the Haddad Entities' motion for protective order and
2 to stay discovery, it finds that their motion for protective order constitutes good cause to extend
3 the time for the Haddad Entities to respond to Shellpoint's interrogatories and requests for
4 admission. The Court thus grants the motion. The Haddad Entities shall have until December 20,
5 2024 to respond to Shellpoint's interrogatories and requests for admission.

6 **V. Shellpoint's motion for protective order is moot.**

7 Shellpoint moves for a protective order to govern the parties' exchange of information.
8 (ECF No. 91). However, the parties have since filed a stipulated protective order. (ECF No.
9 118). Shellpoint then filed a notice of withdrawal of its motion for protective order. (ECF No.
10 120). The Court thus denies Shellpoint's motion for protective order as moot and will address the
11 parties' stipulated protective order in a separate order.

12 **VI. The Court will hear the remaining motions at the November 25, 2024, hearing.**

13 The remaining motions (ECF Nos. 93, 108, and 112) will be heard at the November 25,
14 2024, hearing.

15

16 **IT IS THEREFORE ORDERED** that the Haddad Entities' motion for protective order
17 (ECF No. 71) and motion to stay discovery (ECF No. 72) are **denied**.

18 **IT IS FURTHER ORDERED** that the Haddad Entities' motion to extend time (ECF No.
19 73) is **granted**. The Haddad entities shall have until **December 20, 2024**, to respond to
20 Shellpoint's interrogatories and requests for admission.

21 **IT IS FURTHER ORDERED** that Shellpoint's countermotion to compel (ECF No. 90)
22 is **granted**.

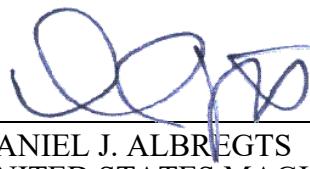
23 **IT IS FURTHER ORDERED** that Shellpoint's countermotion for protective order (ECF
24 No. 91) is **denied as moot**.

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26 DATED: November 20, 2024

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DANIEL J. ALBRECHTS
UNITED STATES MAGISTRATE JUDGE